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UNCLAS PRETORIA 003919

SIPDIS

SENSITIVE BUT UNCLASSIFIED

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SUBJECT: COUNTERING UNHELPFUL NEW INTERNATIONAL INITIATIVES
ON ODA

REF: SECSTATE 177369

Sensitive But Unclassified; Protect Accordingly.

¶1. (SBU) Summary. Econoff met with Sheldon Moulton, head of the Directorate on Global Economic Organizations, to get South African reactions to reftel demarche. Moulton explained that South Africa firmly supported the concept of an International Finance Facility (IFF) and would continue to do so. He lauded increases in U.S. and other developed country official development assistance, but said that it was still not enough because the need was so great. In general, he lamented the "sad state of honoring Monterrey pledges on aid and debt relief" by developed countries. He specifically mentioned Professor Jeffery Sachs' calculation that the United States channeled only 0.14% of its GDP to development aid, far short of the 0.7% of GDP target embodied in the Monterrey Consensus. End Summary.

¶2. (SBU) Moulton said that South Africa supported the IFF concept in writing and would continue to do so. He said that Finance Minister Trevor Manuel had signed a joint letter in support of IFF with British Chancellor of the Exchequer Gordon Brown. On the concept of a global tax to fund development, Moulton commented that the idea had been around for a long time and would likely be around for a long time. He was not sure whether the recent dialogue on the subject "would bring us any closer."

¶3. (SBU) Moulton said that President Mbeki would be attending President Lula's World Leaders Meeting on Financing Hunger and Poverty Eradication in New York in September "to try and find a way to advance the dialogue and to give impetus to meeting the goals of the Monterrey Consensus." He thought that the Blair Commission (of which Manuel was a member), Britain's upcoming G-8 chairmanship and EU presidency, and the OECD's study into official development assistance would place increasing pressure on developed countries to increase their foreign assistance in the coming year. He thought that other European countries would continue to support the IFF concept along with Britain.

¶4. (SBU) Moulton argued that no matter how additional development funds were raised, developing countries would still have to meet the same criteria for development assistance that they do now. He thought that good governance and accountability would remain important, and that the debate would continue as to how developing countries should strengthen themselves in these and other areas.

FRAZER